

DEPARTMENT OF CAREER DEVELOPMENT
P.A. 517 of 2002

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2001-02 YEAR-TO-DATE	FY 2002-03 GOV'S REC.	FY 2002-03 YEAR-TO-DATE	CHANGES FROM FY 2001-02 YEAR-TO-DATE	
				AMOUNT	PERCENT
FTE Positions	1,141.0	1,088.0	1,089.0	(52.0)	(4.6)
GROSS	686,121,600	534,318,600	461,321,600	(224,800,000)	(32.8)
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	686,121,600	534,318,600	461,321,600	(224,800,000)	(32.8)
Less:					
Federal Funds	630,699,900	472,569,200	406,469,200	(224,230,700)	(35.6)
Local and Private	17,374,500	17,408,200	17,408,200	33,700	0.2
TOTAL STATE SPENDING	38,047,200	44,341,200	37,444,200	(603,000)	(1.6)
Less:					
Other State Restricted Funds	9,444,500	9,661,500	9,661,500	217,000	2.3
GENERAL FUND/GENERAL PURPOSE ..	28,602,700	34,679,700	27,782,700	(820,000)	(2.9)
PAYMENTS TO LOCALS	0	0	0	0	0.0

**FY 2002-03
Change from
FY 2001-02
Year-to-Date**

A. GEAR-UP PROGRAM

The bill includes \$3,000,000 in new Federal funding for this program, which encourages at-risk students to stay in school.

Gross	3,000,000
Federal	3,000,000
GF/GP	0

B. FEDERAL VOCATIONAL REHABILITATION FUNDING

The bill includes Federal funding increases for three different Vocational Rehabilitation programs: \$1,155,800 for Vocational Rehabilitation Services; \$1,000,000 for the Carl D. Perkins Grant; and \$349,700 for the Michigan Career and Technical Institute, as well as \$2,603,900 for administration.

Gross	5,109,400
Federal	5,109,400
GF/GP	0

C. VOCATIONAL REHABILITATION INDEPENDENT LIVING

The bill includes a \$25,000 GF/GP increase for these centers.

Gross	25,000
GF/GP	25,000

D. STAFF REDUCTIONS

The bill includes a reduction of 2.0 FTEs and \$145,300 GF/GP to fund employee-related economic adjustments for the Department.

FTE	(2.0)
Gross	(145,300)
GF/GP	(145,300)

E. REED ACT FUNDING

As one measure to balance the bill for FY 2001-02 and 2002-03, a one-time Federal fund source has been used to replace General Fund and Temporary Assistance to Needy Families (TANF) dollars in a number of line items in the Department's budget. This one-time funding, called Reed Act funding, was made available under Federal legislation named the Temporary Extended Unemployment Compensation Act of 2002, Public Law No. 107-147, Section 209. This law redistributed funds that are collected at the Federal level in the Unemployment Trust Fund when the accounts in this Fund exceed the statutory cap. Although the statutory cap had been increased in October 2001, which would have delayed the distribution of these funds, Public Law No. 107-147 redistributed the amount that would have been distributed in October, had this cap not been raised. The final amount that was distributed nationally totaled \$8 billion with Michigan's share totaling \$292,000,000. The entire amount was appropriated in the FY 2001-02 supplemental and set aside into various work project accounts that will carry forward into the next two fiscal years (FY 2002-03 and 2003-04). Of this amount \$213,000,000 was appropriated to the Department of Career Development; \$75,000,000 was appropriated to the Department of Consumer and Industry Services; and \$4,000,000 was appropriated to the Department of History, Arts, and Libraries. Below is a description of how these fund will be used.

1. Job Training Subgrantees Line Item

- a. The budget appropriated \$23,800,000 of Reed Act funding to the Job Training Subgrantees line and placed into a work project account for future availability. These funds will be used to support the one-stop center operations and provide computer and infrastructure improvements them. The breakdown of these funds by fiscal year is: \$8,600,000 for FY 2001-02 (which includes a one-time appropriation of \$1,000,000 to update centers for disability accessibility), and \$7,600,000 each for fiscal years FY 2002-03 and 2003-04.
- b. The Reed Act funds will then be used to replace existing Federal Workforce Investment Act funding which will be transferred to the Focus:HOPE and Michigan Virtual University (MVU) line items. The total amount of this transfer is \$6,000,000 (\$5,000,000 for Focus:HOPE and \$1,000,000 for the MVU) for the three fiscal years. These Federal dollars will replace the GF/GP funding in the Focus:HOPE line.

Gross	(23,800,000)
Federal	(23,800,000)
GF/GP	0

**FY 2002-03
Change from
FY 2001-02
Year-to-Date**

- c. The \$1,000,000 GF/GP funding in the Job Training Programs Subgrantees line that was being used to fund administrative costs in the one-stop centers will be replaced with Reed Act funding, as described in item A, above.

2. Welfare to Work Line Item

A similar transfer was made in the Welfare-to-Work line item in the FY 2001-02 supplemental. First, \$182,200,000 in Reed Act funding was appropriated in the supplemental with accompanying boilerplate that set this funding aside in a work project account through FY 2003-04. The breakdown of the Reed Act funds for these fiscal years is: \$ 47,400,000 in FY 2001-02, \$67,400,000 in FY 2002-03, and \$67,400,000 in FY 2003-04. In each of these fiscal years a similar reduction is made to the Temporary Assistance for Needy Families funding. In FY 2001-02, the negative adjustment is \$46,000,000, in FY 2002-03 it is \$66,100,000, and in FY 2003-04 it will be \$66,100,000.

Gross	(202,300,000)
Federal	(202,300,000)
GF/GP	0

3. Employment Service Agency

The one-time \$7,000,000 appropriation of Federal Reed Act funding is not included in this budget. This funding was to be used for a career search portal and for maintenance projects on the Department's Internet job search service called the Talent Bank and the Talent Freeway.

Gross	(7,000,000)
Federal	(7,000,000)
GF/GP	0

G. EARLY RETIREMENT AND BUDGETARY SAVINGS

The budget contains a new appropriation unit that includes the total reductions that will be taken for both early retirement and an overall 1% cut. The negative adjustments will be taken from specific line items through the legislative transfer process.

Gross	(922,100)
GF/GP	(922,100)

H. PROGRAM TRANSFERS

The budget includes a transfer of 51.0 FTEs to the new Department of Information Technology. The budget also includes a new appropriation unit called Information Technology with estimated spending authority of \$6,492,700, which will be budgeted against by this new Department.

FTE	(50.0)
-----	--------

**FY 2002-03
Change from
FY 2001-02
Year-to-Date**

I. FEE INCREASES

The budget includes additional spending authority for additional revenue generated through Occupational School License fees.

Gross	100,900
Restricted	100,900
GF/GP	0

J. UNCLASSIFIED SALARIES

The budget includes a 2% increase for unclassified salaries, from \$496,900 to \$506,800.

Gross	9,900
GF/GP	9,900

K. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	1,468,600
Federal	1,092,300
Local	33,700
Restricted	116,100
GF/GP	226,500

Item	Gross	GF/GP
Salary and Wages	\$1,052,300	\$121,300
Workers' Compensation	(90,000)	0
Building Occupancy	869,900	86,800
Rent	(413,800)	0
Retirement-Defined Benefit	174,800	19,200
Retirement-Defined Contribution	259,400	41,000
Lump Sum Adjustment	(400,000)	(46,100)
Other	16,000	4,300
Total	\$1,468,600	\$226,500

L. OTHER ISSUES

The budget includes negative adjustments to the administrative line items due to discontinuation of payments related to the 1997 early retirement program.

Gross	(346,400)
Federal	(332,400)
GF/GP	(14,000)